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Are co-ops restructuring the industry? — page 6

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DUSTRY SHAKES OUT ON BOTH COASTS

n's signs letter of intent to sell 28 Calif. units in management LBO

nan
LOS, Calif. — nonth after an- possible sale of stores, Gross- ed a letter of in- its 28 units in northern California as part of a leveraged buyout involving senior management in the northwest division.

The group that agreed to purchase Grossman's approximately 600-employee northwest division is led by a West Coast venture capital firm and key divisional executives headed by Grossman's general manager Robert Pacos.

And, in a move will affect the chain's entire operation, Grossman's has restructured its upper-level management. Executive vp and eastern regional president Bob Harrow is now responsible for "new ventures," and initially will map out the introduction on the East Coast of warehouse stores that have proven successful for Grossman's in southern California.

Robert Pacos is leading the managers of Grossman's northwest division in its attempted LBO. NHCN photo

Bruce Weitz has been appointed executive vp and gm in charge of the eastern division. He and Grossman's general managers of its Moore's and southern California divi-

(Continued on page 234)

Pergament sold to investor group; management to remain intact for now

By Elizabeth Brent and John Caulfield

MELVILLE, N.Y. — Pergament Home Centers, the 40-unit, $300 million chain, was sold on Feb. 28 to a group led by Equitable Capital Management Corp. and Mancuso & Co., a merchant bank.

"This transition positions us well for the '90s and beyond," said Murray Pergament in a prepared statement. He reportedly retains an equity stake in the company.

Equitable declined comment of the acquisition. Mancuso & Co. is headed by Robert Mancuso, formerly chairman of Merrill Lynch Capital Partners.

This deal led to major corporate changes at the chain.

Michael Lurie, general manager of Pergament's Hoboken Paint Co., will become the chain's executive vp and chief operating officer.

Murray Pergament will remain as the company's chief executive officer, president

(Continued on page 233)

PERSPECTIVES

Finding and keeping good employees gets tougher 23

BUYING & SELLING

Treated lumber sales hurt by higher margin woods 147

Payless banks on newest DC for its future profits

By Gary S. Ruderman

SEDALIA, Mo. — As big as 11 football fields, Payless Cashways' Midwest distribution center sits in a slight valley off the side of a busy two-lane highway between Kansas City and St. Louis.

The low-slung, earth-tone building is Payless' state-of-the-art showcase. Surrounded by a barbed wire fence and other security, it is the repository of 10,000 stockkeeping units and between $30 million and $33 million in inventory, destined for 147 of the chain's 195 stores.

The $21 million facility, which has been open for just under a year, took two years of planning to develop. But Sedalia, and the 208 employees who operate it, represent a key factor in the future profitability of the chain.

Without quantifying the savings Payless anticipates from the facility, Payless' president Larry Kunz outlined its benefits both at store level and to the corporation as a whole during an interview with this reporter in mid-February.

(Continued on page 40)

Buck Vemble monitors a scanner that sorts boxes and sends them directly to the correct truck on the loading dock at Payless' state-of-the-art DC in Sedalia, Mo. Photos by Chuck Kneyse

Former Scotty's executives to form Fla. wholesale distribution company

By an NHCN staff editor

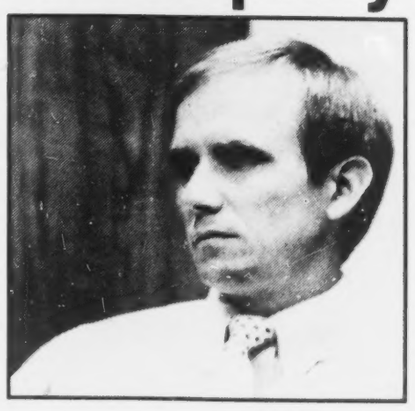
WINTER HAVEN, Fla. — Five former Scotty's executives have joined forces to develop a wholsaling venture.

Sweet's Wholesale is a distribution company based here newly formed by Jim Sweet, Scotty's chairman who sold his family's interest to Belgium's GIB group last August (*NHCN*, Sept. 5, 1988).

He is teaming up with his son, Ron, formerly director of Scotty's wholesale sales, which distributed merchandise to hardware stores nationally; former Scotty's president Dennis Stults; Dan Maffet, the chain's vp-general sales manager; and Richard Martineau, Scotty's former chief financial officer and executive vp-administration.

A distribution center and office complex is currently under construction and

(Continued on page 236)



Richard Martineau, former cfo at Scotty's, left the chain last month and joined four other former Scotty's execs in a wholesale venture.

NEWSBREAKS

WYETH TO BECOME A CATALOG HOUSE: A Feb. 28 letter to suppliers revealed the troubled Missouri-based wholesaler's conversion plans, scheduled for this month. The distributor would rely on UPS. *NHCN* has also learned that 11 days earlier, ServiStar backed away from bailing out Wyeth through acquisition. A Wyeth insider said that a bankruptcy filing for his company could be imminent, although this could not be confirmed by officials.

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INDUSTRY UPDATE

Florida Hardware joins Liberty

JACKSONVILLE, Fla. — Florida Hardware Co., an $8 million wholesaler with more than 1,200 accounts in two states, on March 1 became the 27th member distributor of Liberty Distributors.

Florida Hardware, based here, will lead the effort to raise the first Trustworthy stores banner in the Sunshine State, according to its president Ralph Thieman. He said the wholesaler expects to sign up 50 hardware and home center dealers throughout Florida and in southeast Georgia with the Trustworthy program over the next two years.

According to Liberty Distributors, Des Plaines, Ill., Florida Hardware's territory is concentrated in the northern and eastern coast of the state and north to Savannah, Ga. The total trading areas has an estimated population of 8.5 million.

Another Liberty member, Farrey's Wholesale, based in Miami with 350 retail accounts, will be expanding to cover new accounts north to Vero Beach, Fla., and up to Orlando, Fla., and west to Tampa, according to its president Bud Farrey.

Thieman said Florida Hardware had been a long-time member of the Chicago-based Allied Hardware Services marketing group, but switched to Liberty because of its stores program.

Liberty, the industry's largest wholesale merchandising and marketing group, with sales in excess of $1 billion, licenses the Trustworthy name and store design concept. Liberty members currently serve more than 3,000 dealers nationwide.

Great Central to open millwork ctr.

ST. LOUIS — The Great Central Lumber Co. will open a custom millwork showroom and a 10,000-square-foot warehouse at one of its two Jefferson City, Mo., locations this summer in an effort to cash in on the trend toward customized products.

The 2,000-square-foot showroom will be a place contractors can bring their customers to show them products as they might appear in their homes, said Richard Millman, president of Great Central Lumber.

"It seems to be the trend and the way things are going," Millman said in describing the reasoning behind Great Central's new endeavor. Construction of the warehouse and showroom will begin in spring and is expected to be complete by summer. Three or four additional people will probably be hired once the showroom and new warehouse are open, Millman added.

Great Central operates four stores and a truss plant in Missouri and Illinois. About 75 percent of its business comes from professional customers and the remaining 25 percent from DIYers.

FOK moves operations to Denver

DENVER — Farwell Ozmun Kirk (FOK) is putting its new buying location for the Trustworthy stores program of hardlines distributor in this city.

The announcement last month followed a number of changes for American Hoist & Derrick Co., parent company of FOK and CoastAmerica Corp. American Hoist's new name will be AMDURA, and its corporate offices will move to Denver this year from South St. Paul, Minn.

The changes reflect AMDURA's new makeup: 70 percent of its estimated $800 million in sales come from distribution. Half of its activities are currently in Denver, according to Robert H. Nassau, AMDURA president and ceo. Denver is also the home of the buying organization for the 1,000 Coast to Coast Total Hardware and Coast to Coast Home & Auto stores. FOK supplies an estimated 600 Trustworthy stores in the upper Midwest.

A combining of the Coast and Trustworthy buying staffs is under consideration. The buying functions for FOK's largest customer, mass merchandiser Target, will remain in South St. Paul. All 35 corporate employees and a "limited number" of the 140 FOK office employees will "be affected by the planned moves," the company stated.

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HWI targets Los Angeles with its first moves into California

By an NHCN staff editor

FORT WAYNE, Ind. — Hardware Wholesalers, Inc. (HWI) has signed its first two dealer-members in the metropolitan Los Angeles area, and the co-op based here plans to have between 30 and 40 HWI stores operating in southern California by mid-year.

It is the 2,800-member co-op's first venture into California and the 30 to 40 stores will be concentrated in the Los Angeles and San Diego metropolitan areas.

But early on, Los Angeles is "literally where we are focusing our energies," says Jim Mills, HWI's Western division sales manager.

The formal effort to recruit members in that area began in mid-January. HWI mailed 1,500 letters to dealers in the state. The response has been so great, Mills said, that additional personnel have been sent west from the Fort Wayne headquarters to conduct evening presentations to interested dealers.

Targets larger stores

"Obviously we're new and everybody wants to know what we're doing," Mills said about dealer response to HWI.

Mills refused to disclose who the first two dealers were, saying only they are both in the Los Angeles metropolitan area; one being a "pretty good size home center" and the other a hardware store. They will operate under the HWI name by mid-March.

The co-op had been researching the number of hardware stores and building material dealers, in addition to the spending power of consumers in southern California, for some time and "all our reports came back very positive," according to Mills.

Specifically, larger hardware stores are being targeted as new members, which would "very definitely" make them ideal candidates for Do-it Centers, the co-op's home

(Continued on page 234)

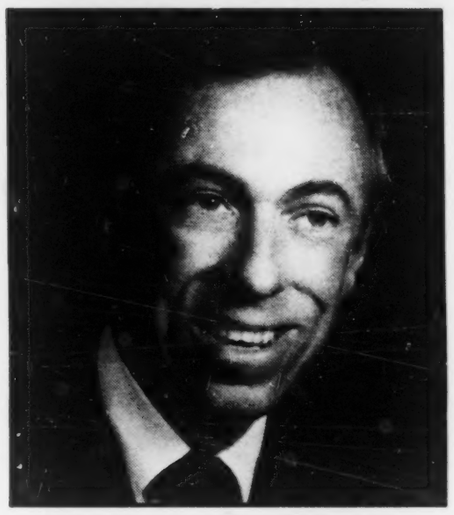
Second generation president of Fla.'s Causeway Lumber dies; son carries on

By an NHCN staff editor

FT. LAUDERDALE, Fla. — Gene A. Whiddon, president of Causeway Lumber, died Feb. 10 after a long battle with cancer. He was 60.

Whiddon's youngest son, M. Scott Whiddon, succeeds his father as president of Causeway as the third generation to run this family-owned business.

Originally from Lenox, Ga., Gene Whiddon came to Fort Lauderdale in 1937. After a tour of duty with the U.S. Air Force in 1950, he joined the lumber company started by his father, the late O. R. Whiddon.



Gene A. Whiddon

In 1962, he became general manager and then president after his father's death in 1970. Under his guidance, Causeway Lumber has grown with locations at Ft. Lauderdale and Boca Raton in southeast Florida and in Bonita Springs on Florida's southwest coast.

By *NHCN* estimates, it is the 96th largest retail operator in the industry, with sales exceeding $44 million.

In 1967-68, Whiddon served as president of the Florida Lumber and Building Material Dealers Association, after being named the group's Lumberman of the Year in 1965.

Whiddon was a founding member of the Broward Builders Exchange in Ft.

(Continued on page 234)

Paty Co. adds 7th unit with latest buy

By an NHCN staff editor

PINEY FLATS, Tenn. — The Paty Co. added a seventh building center to its Southern operation with last month's purchase of McGuffin's Lumber Co. of Morristown, Tenn.

McGuffin's has operated as a Paty store since the purchase in early February. John Kiss, vp-marketing at Paty, would not disclose terms of the deal. *NHCN* estimates McGuffin's annual sales last year at $7 million.

"This is certainly an increase in business for us and it will improve our profitability," said Kiss.

George McGuffin, who founded the company in 1951 and who was its president until the acquisition, is no longer associated with the company and could not be reached for comment.

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Commodities programs make co-ops more attractive

By John Caulfield

NATIONAL REPORT — In January, ServiStar, the hardware wholesale co-op, signed on as new dealer-members Lampert Lumber, the 44-unit home improvement chain based in St. Paul, Minn., and Erb Lumber, the 50-unit, Birmingham, Mich. chain.

Hardware Wholesalers, Inc. (HWI), another co-op, generated half its $1 billion annual volume in fiscal 1988 from the sale of building materials and currently is one of the biggest customers for several commodities suppliers, including Weyerhaeuser.

In January, Ace Hardware, the Oak Brook, Ill.-based hardware co-op, held its first buying show for the 1,600 of its dealer-members participating in its lumber and building materials program, a number that's up 60 percent over 1987.

Building materials is the fastest-growing segment of Our Own Hardware's sales. And Cotter & Co., the nation's largest hardlines co-op whose commodities billing made up around 6 percent of its $2 billion in sales last year, wants to boost that percentage to the levels achieved by ServiStar and HWI, according to the manager of Cotter's program.

For the past several years, the hardlines co-ops have been reshaping the landscape of home improvement retailing, first through the development of in-store remodeling programs that modernized many of their members' stores, then through the expansion of dealer services, and now through a concerted effort to capture a much bigger slice of the building materials distribution pie.

"The war at retail ultimately is going to be won by those with the best combination of product assortment and service," said Don Belt, senior vp-sales and marketing for ServiStar, the Butler, Pa.-based co-op.

Billing for Lumber and Building Material Distribution 1988

Buying Group	LBM Sales	Percent of Sales
Hardware Wholesalers, Inc.	$500 mi	50
ServiStar*	$495 mi	46
Cotter & Co.	$125 mi	6
Ace Hardware	$104 mi	7.5
Our Own Hardware	$ 21 mi	15
Total	$1245 m	22

*includes "associated building products" category

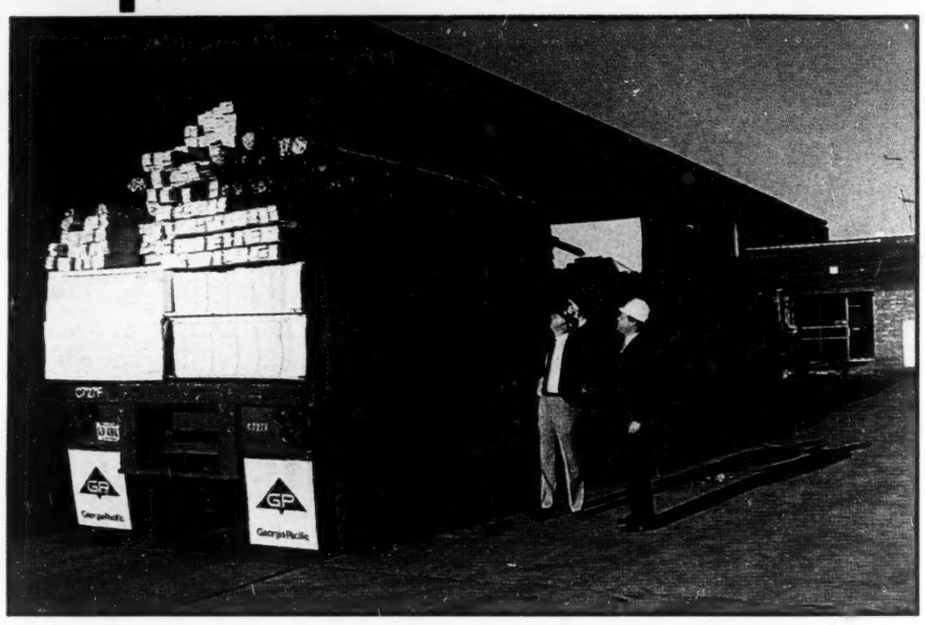
NHCN Chart Source: Company officials

The result has been a fundamental restructuring of the industry in terms of who buys what where.

"Right now, I'd say the co-ops are the biggest threat to the independent building materials distributor," said Perry Sparks, a former president of the National Lumber and Building Material Distributors Association (NBMDA), and the president of Lumberyard Supplies, a large wholesaler in St. Louis. Nearly three-fourths of Lumberyard's retail accounts belong to the Fort Wayne, Ind.-based HWI.

In fact, the co-ops are a threat to just about anybody selling anything. In 1988, five leading hardlines co-ops—Cotter, Ace, ServiStar, HWI and Our Own—did in excess of $5.6 billion in aggregate sales, and more than one fifth of that was from billing dealer-members for building materials.

This commodities business would be about equal to what Lumbermen's Merchandising Corp., the country's largest commodities broker, billed its dealers last year, and more than the combined sales of Builder Marts of America (BMA), ENAP and Central Builders Supply, the second, third and fourth largest brokers.



Bob Maurer, left, merchandise and marketing manager for Ace Hardware's lumber and building materials program, inspects a mixed load of lumber and building materials with John Dilly, branch manager for Georgia-Pacific's Elgin, Ill., DC.

Not all dealers are enamored with how the hardware co-ops sell these products. "Unfortunately, Cotter is stronger in the Midwest and really doesn't understand our market," said Robert Richie, president of Eastern Lumber, a dealer in Amesbury, Mass., which belongs to Cotter but orders commodities through BMA.

And in some areas of the country—the South, parts of the Northeast, most of the areas west of Denver—the co-ops' market penetration still flags. "We rarely compete against them," noted Steve Michael, a vice president with Spartanburg Forest Products in South Carolina.

But the fact remains that hardlines co-ops are taking business from somebody with their expanded menus of products and services to gain greater, perhaps national, market penetration.

Going beyond hardlines

The service that has gotten the industry's attention has been the co-ops' building materials distribution program.

In January, HWI saw its building material dealer-members who attended its buying show in Orlando, Fla., increase their lumber orders from the co-op by 45 percent over 1987. Ray Treen, HWI's vp-building materials purchasing, attributed that growth to "a market price move which made our block buys and reload center inventories even more competitively priced."

The co-ops in general appear to be taking positions on lumber and building materials that are making them far

(Continued on page 158)

UBC's rebuilt store provides increased product visibility

By an NHCN staff editor

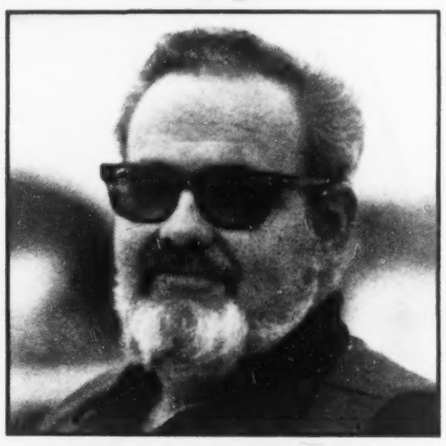
BOONE, Iowa — Lynn Abbott is a case study in the headaches and the rewards which a store manager can expect when he gets intimately involved in the renovation of his store.

Abbott, the manager of the United Building Center (UBC) store in this town northwest of Des Moines, served as his own general contractor during a recent four-month overhaul of the unit. An old, 2,500-square-foot retail store that amounted to little more than a service counter was demolished as the company moved into a new 12,000-square-foot showroom.

"We tried to keep everything local," Abbott explained while subcontractors finished a bath display nearby. "The contractors here are our bread and butter," accounting for 60 percent of the unit's sales. "And basically, they bought it [the materials] all here."

New product visibility

The main result of the construction of a new building is the new visibility of UBC's mix. Products long unseen in the warehouse are now on the new sales floor.



UBC store manager, Lynn Abbott. NHCN photo

(Continued on page 236)

Hardware imports from U.S. to Canada, 1987

	Total Imports	Imported from U.S.	Percentage of Total
Adhesives	$149.9	$129.8	86.6%
Paint/varnish	343.4	272.7	79.4
Garden products	682.7	539.6	79.0
Electricals	729.1	558.9	76.6
Builders hardware	590.5	428.3	72.5
Glass products	71.9	51.2	71.2
Fixtures/fittings	565.2	385.9	68.2
Doors/windows	90.5	58.9	65.1
Abrasives	90.3	54.6	60.5
Hand tools	276.1	157.6	57.1
Power tools	278.3	140.4	50.4
Wire/wire products	93.2	42.6	45.6
Cordage/twine	28.2	7.4	26.2
Housewares	590.6	184.4	31.2
Sporting goods/equipment	881.5	386.8	43.9
Miscellaneous	986.8	780.2	79.0
Total	6449.1	4139.4	64.2

Dollar amounts are in millions of Canadian dollars

NHCN Chart Source: Statistics Canada

U.S. maintains dominant share of Canadian hardlines imports

In 1988, according to U.S. Commerce Department estimates, America exported $70.9 billion in products to Canada, its largest trading partner, but imported $81.4 billion, producing a deficit of $10.6 billion. However, U.S. market share of all imported hardlines and related products entering Canada is still dominant as shown by the above statistics calculated by Statistics Canada for 1987 (the latest year calculated). The recent agreement that will eliminate trade barriers between the U.S. and Canada in five years is expected to increase trade on both sides.

More on the Canada-U.S. trade agreement appears on page 208.

Expanding into the Chicago market proves to be a tough nut

By Gary S. Ruderman

CHICAGO — Doin' anything special for all those Home Center Show visitors that might come to your store? "Nope," say most dealers here. "Nothin's changed."

Regional Outlook

That is, until Menards comes barreling into town. John Menard, president of the 40-unit chain, told *NHCN* in late February that he hopes to have "a bunch of stores" in the Windy City within the next few years. Then Chicagoans will get their first taste of the type of "store wars" for which Menards is "loved" throughout the upper Midwest.

Menards' invasion notwithstanding, though, it does appear that little has changed in Chicago. The market here stopped expanding, some believe. All the competition that's looked at Chicago has either moved in or turned its back, they insist.

National chains such Builders Square skirt the city with 15 stores, but no dealers have stepped inside the city's limits. Home Depot, filling in the country and apparently leaving the Midwest for last, might be waiting to see what happens with Builders Square here.

"Chicago's not the soft touch everybody thought," observes Alan Saks, president of 40-unit retailer Saxon Paint, which celebrates its 75th anniversary this year. Chicago is a lot of little

(Continued on page 233)

Buying & Selling

merchandising

Co-ops seek bigger share of building material sales

(Continued from page 6)

more important customers to vendors and dealers alike.

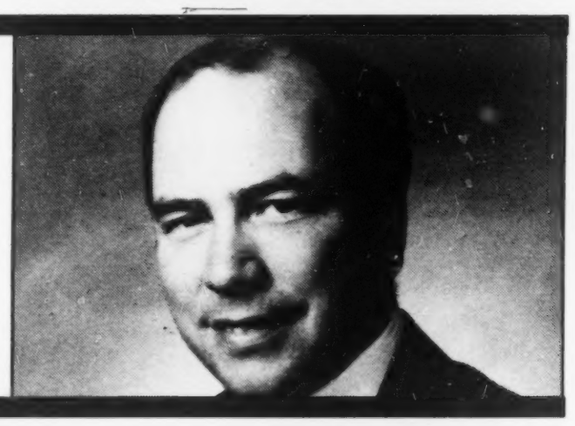
"The buying groups have finally realized that they aren't selling hammers," said Steve Stookesberry, a vice president with the four-unit Economy Lumber & Supply in Denver,which is a strong member of Builder Marts of America, but has seen an increase in the amount of commodities it will purchase through HWI. "They've finally learned how to work in this business."

This activity was precipitated by the efforts among the co-ops to "clean up" their members' businesses, both in terms of their stores' physical presentation and way of doing business. In many ways, the success of remodeling and operational services the co-ops have developed primed their dealers to be able to expand into commodities merchandising.

"We're getting better quality dealers into our program, which has been a slow process but really shows dividends," said Jim Weyrems, president of Our Own, the Burnsville, Minn.-based co-op,which began its seven-man building materials department in 1975. "By offering this program, you can see a dealer go from $100,000 in annual purchases to $1 million just like that."

Proof of that can be found in Massapequa, N.Y., where Macrose Industries' three stores currently purchase 75 percent of all the gypsum they sell annually—about 100 trailers—through Ace Hardware.

> "The war at retail ultimately [will] be won by those with the best combination of product assortment and service."
>
> —**Don Belt,**
> *senior vp-sales and marketing, ServiStar*



"Ace is constantly cutting deals with vendors, and I take advantage of specials at the co-op's dealer shows," said Marc Paulenoff, Macrose's vp. He added that before Ace's program was begun in October of 1986, his stores didn't have the buying clout to purchase molding direct; now they can through Ace's program "so we're part of a car or truck delivery.

"Buyers just like me are changing our habits and using more co-op purchases," Paulenoff stated. "The co-ops are getting sharper with the manufacturers."

G-P, Weyerhaeuser key partners

Billing its dealers for receipt of building materials is not new for the co-ops; HWI has been at it for 40 years, according to its executive vp Mike McClelland. But it has only been within the past 15 years that the buying groups have taken serious aim at this segment of the business.

The system they use is basic, and not much different from the way hardlines are handled: Dealers order products through the co-op, which places the order with a vendor. The supplier ships the merchandise to the dealer and bills the co-op, which in turn bills the customer. At the end of a predetermined period—three months, a year—the dealer gets a rebate based on volume purchases.

By and large, dealers are ordering in truck- or carload quantities. And all the co-ops but Cotter have arrangements to let dealers purchase in less-than-truckload (LTL) quantities from Georgia-Pacific's and Weyerhaeuser's extensive distribution networks.

"The beauty of using these two sources is that it gives you national distribution," explained Bob Mauer, merchandise and marketing manager for Ace, three-fifths of whose commodities program is in the billing for gypsum distribution. "The whole theory is that you can leverage a lot of little dealers with big volume purchases."

"You'd be amazed at what these dealers order," noted Sam Gaddis, director of national sales for G-P, who ironically was interviewed by *NHCN* by phone while attending the Builder Marts of America buying show. "Roofing and lumber, sure, but also rebar, molding . . . it runs the full gamut."

A spokesman for Weyerhaeuser added that the co-ops "are helping expand the market to a broader base of dealers, and can help us understand the specific needs of their memberships."

Distributors jump on bandwagon

Sources interviewed for this story point out that the co-ops are filling a niche that, in many ways, has been vacated by independent distributors.

"What the co-ops are doing obviously works, because they're taking business away from independents who have let this happen because of their marketing inexperience and reluctance to change," said Ron Ross, vp-operations for Cameron Wholesale, the Waco, Texas-based commodities distributor that did $60 million in dealer business last year.

"In reality, though, how can the co-ops compete with someone like us; we have 50 trucks, 14 warehouses, 40 field salesmen and two-day service."

It appears the co-ops recognize some of the shortcomings of their programs, because they have been striking deals with a number of regional building materials distributors to handle product shipments.

"The co-ops know they haven't done a real good job of branching out into building materials on their own, so they are wisely turning to companies like ours for help," said Richard Kasper, president of Amerhart Ltd., the Green Bay, Wis., distributor with three warehouses, which began servicing a number of the co-ops three years ago.

This connection between the co-ops and independent commodities distributors, in fact, has quite a long history. Sheldon Modansky, a vice president with Ajayem Lumber in Walden, N.Y., recalls making a presentation to ServiStar for the startup of a building materials program 15 years ago.

"We are an extension of their sales organization," said Modansky, whose company in early February signed an agreement to service Cotter's dealers.

However, he's of two minds as to whether these programs are actually benefiting the market. "I don't agree that dealers should buy this way, and the co-ops are answering the needs of the small yard by making it order in truckload quantities.

"But I can't stop this, so I might as well join in," he said.

Wholesalers fight back

These kinds of interactions between the co-ops and independent distributors are bound to continue. For example, Ace will use Ajayem, Diamond-Hill in South Carolina and the Sequoia Supply's 33 distribution centers to get commodities to its dealers this year. ("Our challenge will be to figure out how to continue to do this profitably," noted Paul Hylbert, president of the Irvine, Calif.-based Sequoia.)

Even Cameron Wholesale is negotiating with HWI and Allied Building Stores, the Louisiana-based buying group, to service their members.

However, Cameron—which Ross, its vp, said captures 35 percent market share in millwork and roofing—isn't just looking to pick up business from the buying groups; it has recently developed its own program that pays participating dealers a rebate based on purchases. Rebates are generally seen by distributors as one of the primary weapons in the co-ops' competitive arsenal.

The commodities buying groups have also reacted to the co-ops' threat, in essence, by finding independent hardlines suppliers to strike deals or merge with in order to keep their own members in the fold.

For example, in October ENAP, the Newburgh, N.Y.-based buying organization, agreed to cross-pollinate with Emery-Waterhouse, the Portland, Maine-based hardlines distributor,which is the second largest in the U.S. "These kinds of marriages have got to continue," said Bill Sherry, ENAP's president, "if we want to keep the co-ops from getting more of the 'paper' [i.e., billing] business."

The best-known of these unions was the merger last year of CoastAmerica and BMA. "Our aim is to reduce the number of 'joiners,' " said Paul Dodge, president of dealer services at the Greensville, S.C.-based BMA, referring to dealers who sign on with co-ops.

Stronger dealer 'packages'

The one question that remains unanswered at this point is where the co-ops want to take their programs.

With the exception of ServiStar, it does not appear the other co-ops are interested in signing on larger home center chains as members. In fact Sparks, the president of Lumberyard Supply, believes his company's "salvation" could be in servicing regional chains that have decided it is more efficacious to buy through distributors "but don't want to commit to the co-ops' total package," he said.

However, it does appear that the "total package" has put the co-ops in the enviable position to go after any

Mike McClelland, HWI's marketing vp, says that HWI doesn't emphasize product availability because dealers have numerous buying options, but in the 1990s retailers will seek distributors' help in making money. NHCN photo

kind of dealer they want to in any area of the country.

"I get excited when we can use all our pieces of the puzzle and work with suppliers to develop programs for our members," said Larry Wending, assistant divisional manager for the Chicago-based Cotter, which currently has 33 people in its 18-year-old building materials department. Wending noted that one of Cotter's strengths was the national circulation of its 26 advertising circulars, and in a few of these the co-op has dedicated space for building products "or we've emphasized the project theme," he said.

"We don't really spend a lot of time on product availability because dealers have so many options where they can buy," said HWI's McClelland. "But going into the 1990s, retailers are looking to distributors for help in making money, and that's where our programs come in."

Service was the reason why Lampert Lumber signed up 43 of its 44 stores as ServiStar members, according to Danny Less, the chain's general merchandise manager. (The outstanding unit is a contractor-only yard.)

Starting March 15, the co-op will provide Lampert's stores with about 3,500 of the 7,000 stockkeeping units they carry, and will be evaluating whether to use the co-op's building materials program. "What's more important for us is that ServiStar will go through our product mix and tell us what we should and shouldn't be carrying."

Equally significant is Less' assertion that any new stores Lampert builds will likely employ ServiStar's turnkey "Store of the Future" format.

Service may also be the key for the co-ops to expand their already formidable penetration with current dealers. For instance, the 11-unit Hader Hardware in Cincinnati received the biggest rebate check—$550,000—in HWI's history last year, and purchases more than 80 percent of all it buys out of the co-op's warehouse.

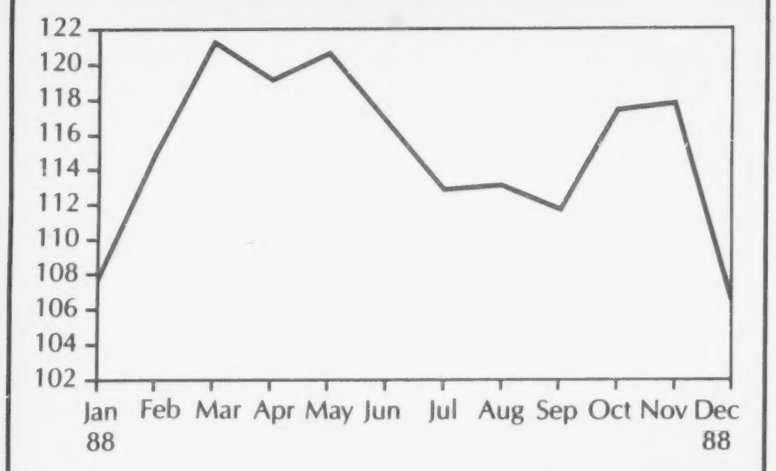
Hader currently handles no commodities "and I don't think HWI's having a building materials program would influence our decision to take on those products," said vp-merchandising Rich Suder. "There's lots of suppliers out there."

But, Suder conceded, the co-op's commodities program "could make it easier for us to go that route."

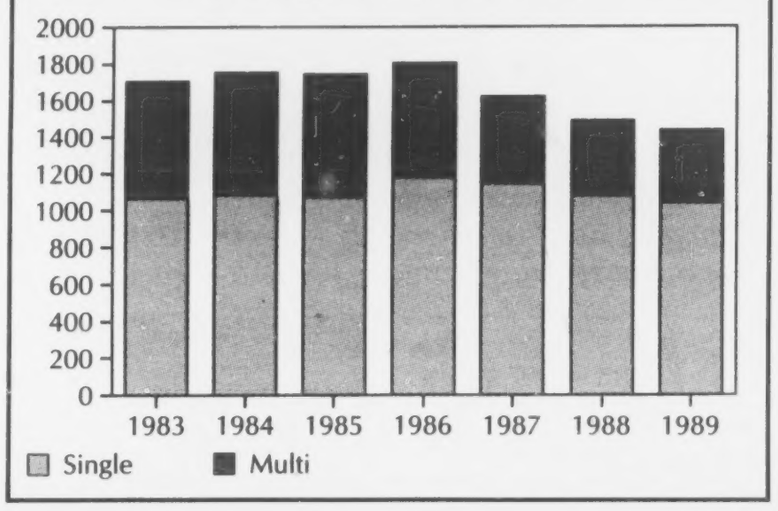
Business Watch

Section 4

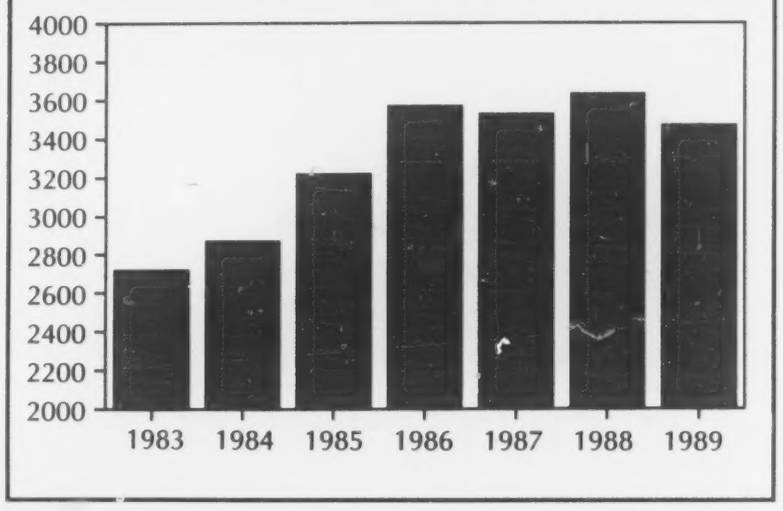
Declining affordability . . .



. . . weakens single unit housing . . .



. . . and resales.



Slumping starts and resales will dampen LBM sales growth

By Richard E. Mount
Special to NHCN

Declines in both new housing starts and resales are major reasons for the projected slower growth in building material sales for 1989.

After increasing 9 percent in 1988—5.3 percent in unit volume—retail building material sales are expected to be up 5.2 percent this year—1.4 percent in unit volume.

Richard E. Mount

Affordability will be the major problem for housing in 1989. The affordability of new housing is .9 percent lower than a year ago. Mortgage rates are rising, currently 10.6 percent up from 10.5 percent a year ago.

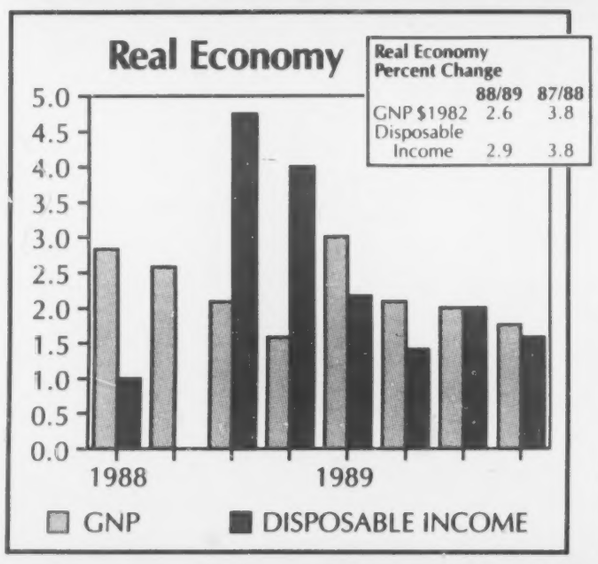
The weakness in housing starts is shifting from the multi-unit sector to singles. Last year, multi's were off 14 percent, singles 5.8 percent. Multi softness was brought on by prior overbuilding and changes to the tax laws in 1986. Single unit starts are likely to be down 4 percent in 1989.

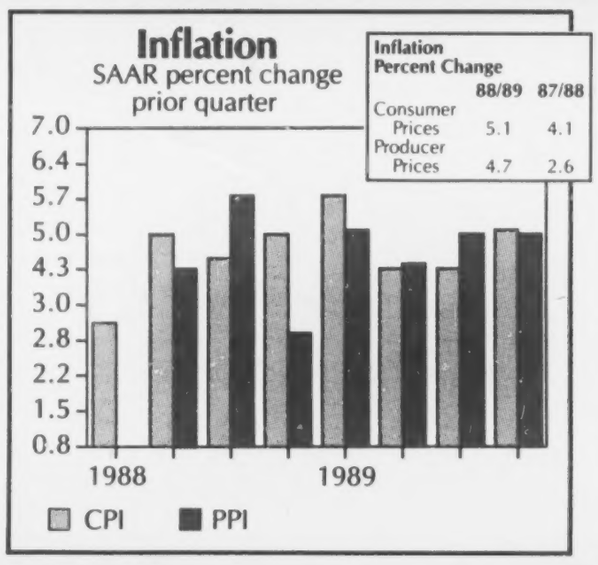
Resales will weaken 4.5 percent in 1989. In large part this decline is due to the strong year resales had in 1988, up 2.9 percent from 1987 versus an 8.2 percent decline in starts. Resales will remain at a relatively strong 3.5 million units this year because of their price advantage over new homes. Average new homes are 38 percent more expensive than resales and, with growing concerns with affordability, buyers will pay increased attention to existing homes.

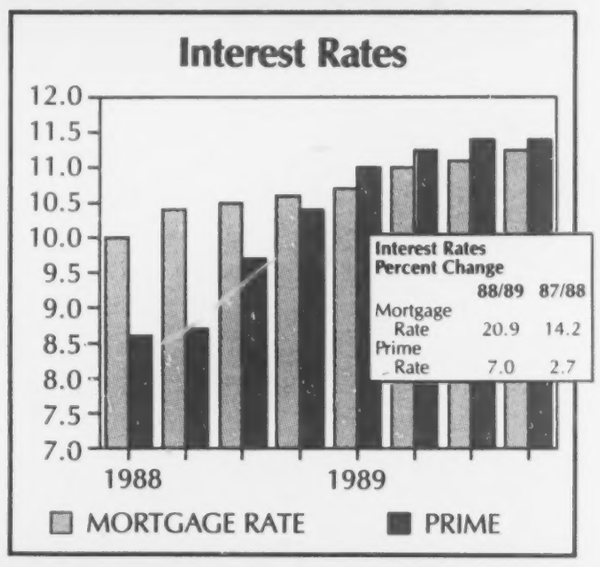
For building material retailers, 1989 will be a year of slower growth, but not decline. Housing and resales posted strong gains in late 1988, and will boost building material demand through the first three quarters of 1989. With the economy likely to expand modestly this year, home remodeling will sustain demand in late 1989.

Richard Mount is president and chief economist with Mount Economic Consulting.

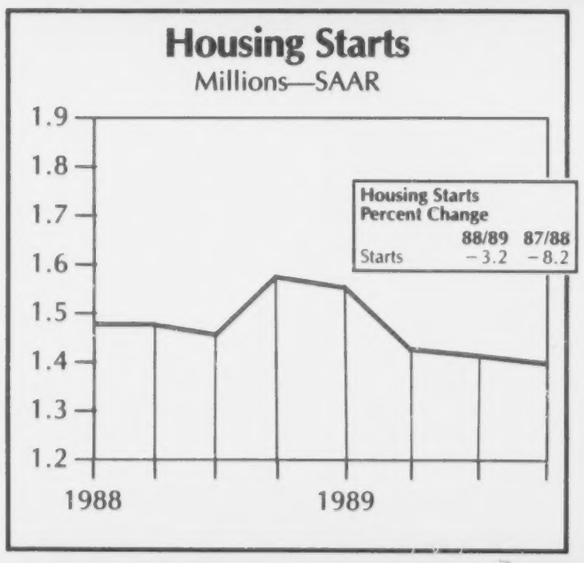
General Business Conditions

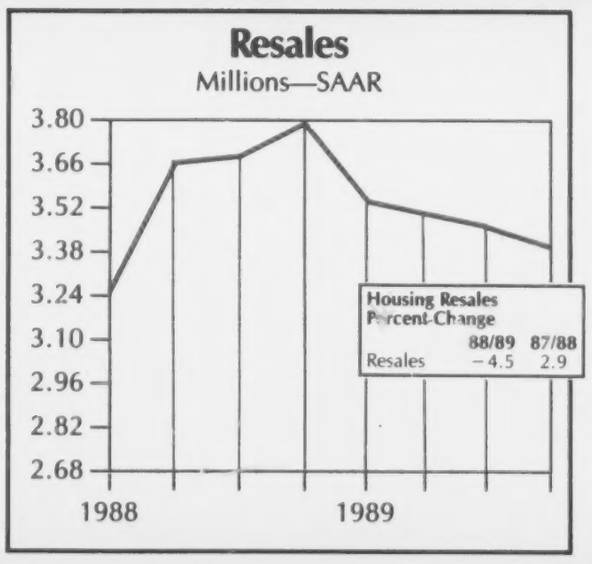


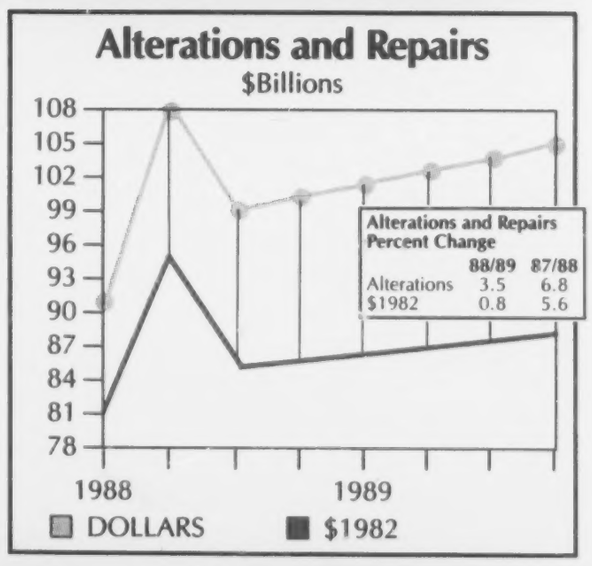




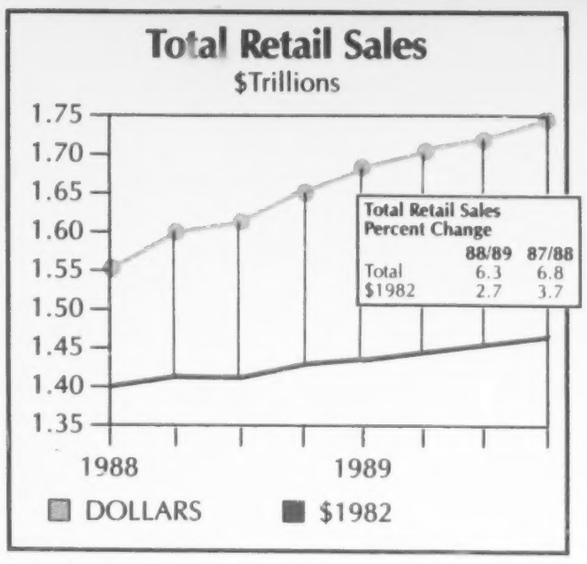
Housing

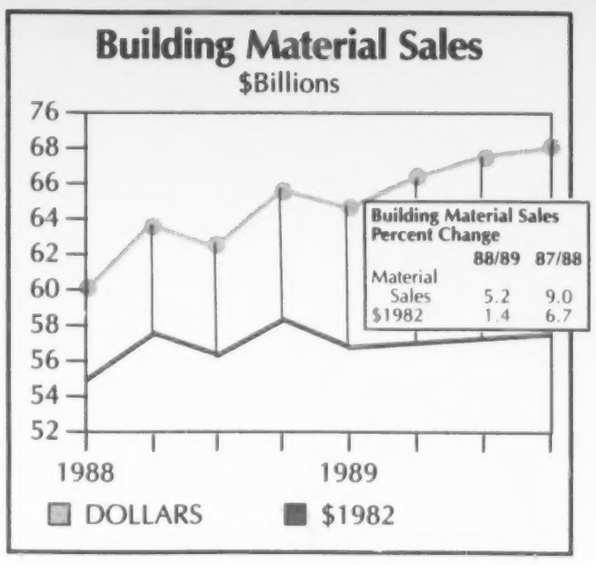


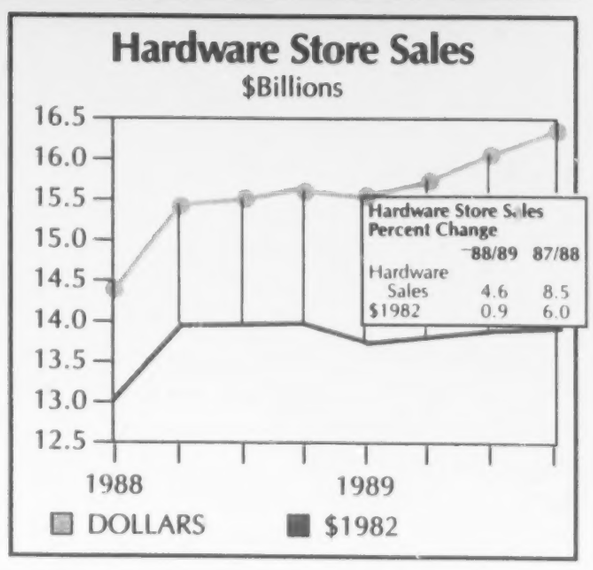




Retail Trade Activity







Data: Dept. of Commerce
Bureau of Labor Statistics
National Association of Realtors
Dept. of Housing and Urban Development

The Home Center Industry Outlook runs in two parts, one each month. The first part includes latest data on the General Economic Outlook; Residential Alterations & Repairs; and Retail Trade Activity. The second part includes latest data on regional building material and supply store sales.

SAAR—Seasonally Adjusted Annual Rate
p—projection
NHCN chart

Business Watch

housing

More space, more luxury top homeowners' wish lists

By an NHCN staff editor

NATIONAL REPORT — Consumers want bigger, fancier homes.

They want comfort and informality. So kitchens and family rooms are more important to them than living and dining rooms.

They don't want to be boxed in; high ceilings, skylights and a kitchen that is visually open to the family room are all part of their wish list. And in order to get their favorite features, they are willing to accept having a portion of the house left unfinished, and are willing to commute long distances to work to live where they want.

These are some of the findings from a new survey conducted by the National Association of Home Builders (NAHB), called "What Home Buyers Want."

The 1,776 respondents all purchased new homes recently and therefore had had to face the tradeoffs involved in choosing a home.

The NAHB had carried out similar surveys in 1980 and 1985, but this was the most detailed because it repeatedly made the homeowners keep the costs in mind by putting price tags on luxury items.

A bigger energy efficient house with more luxury features and a larger lot are the leading items that home buyers would look for in choosing another home.

The designs of homes change with lifestyle. Sixty-five percent of the respondents stated that informal eating and cooking were very important and socializing and informal entertainment were next in importance.

Hence the emphasis was on larger kitchens and family rooms rather than formal dining rooms and living rooms. Over half of those questioned wanted island eating space in the kitchen and 47 percent would like to have a built-in nook in the kitchen.

Even if a home included a den, a family room was still a must for seven out of 10 homeowners.

Luxury features were thought important regardless of the price range of the home. Respondents wanted a wet bar in the family room and skylights in more than one location; 65 percent wanted them in the bathroom, 50 percent in the kitchen and 33 percent in the master bedroom.

Room to store things

Storage was another important criterion. A walk-in pantry in the kitchen was a big attraction and despite a general preference for a well-lit kitchen, cabinet space was valued more highly than a window area. A walk-in closet in the master bedroom or his and her's walk-in closets were demanded, and bathroom closet space was also popular.

About a quarter of the homeowners preferred three baths or more and 46 percent preferred to have 2½ baths. Homeowners were equally divided between a steel/porcelain tub shower and molded fiberglass. About 50 percent preferred a separate shower stall and tub, despite the cost.

A vanity with two bowls in the master bedroom's bathroom was preferred by 70 percent, and 52 percent wanted a toilet separate from the bath.

Homeowners were divided in their preference for different finishes on faucets. About 30 percent wanted chrome finish while 27 percent preferred polished brass and 22 percent antique brass.

A four-bedroom house was the most popular design, although the fourth room was to be used for many purposes—as a guest room, den/library or office or hobby/sewing room.

Four bedrooms for options

Although family size is decreasing, home size is increasing, so the demands for large space are based on values and lifestyle considerations rather than physical needs.

Respondents would prefer to commute longer distances rather than give up space or luxury features. Male heads of households spent over 26 minutes commuting about 16 miles to work while female heads of households spent 23 minutes traveling 13 miles a day.

Important Features in the Base Price of the Home

Percent of respondents rating very important

	1988	1985	1980
Quality of Paint	55	74	N/A
Quality of Carpeting	62	74	75
Two-car Garage	82	70	78
Room Size	48	66	82
Central Air	76	64	64
Quality of Floor Tiles	48	60	68
Basement	45	46	53
Separate Family Room	64	45	63
Fireplace	61	44	64
Brick Front	38	42	43
Brick Siding	25	35	31
Large Lot	42	35	59
Separate Dining Room	49	34	50
Formal Entry Hall	34	28	34
Bedroom w/ Sitting Area	19	20	15
Jacuzzi	17	9	N/A
Hot Tub	7	7	N/A

Requested Bath Fixtures

Taking into account likely cost

	Percent
One Bowl Vanity	72
Two Bowl Vanity	20
Sink Only	4
Closet Space	36
Toilet Separate	17
Bidet	1

According to the NAHB survey, most home owners want high quality in their homes, but more space, whether for cars or clothes, seems to be in the most demand, as these charts show.

Source: NAHB study "What Home Buyers Want."

Growth in installed sales encourages partnerships

(Continued from page 202)

program, which offers the chain's strong name, guarantee and sales force, in a quasi-partnership with the contractor.

Goes to market 3 ways

Sears, which reportedly does close to $1 billion in installed sales annually, offers three different programs:

- SFI or "Sell, Furnish and Install," where a contractor rents the Sears name for 15 percent but runs his own advertising, installation and buys his own materials;
- FI or "Furnish and Install" where the contractor furnishes the materials and installation, but Sears advertises and sells the service, usually for a 40 percent to 50 percent cut;
- Finally "Installation," where Sears buys the materials, advertises and sells the project and sub-contracts the installation.

"We're suggesting good prices, good service, a contractors desk, and a showroom," said Stoeppelwerth. "A partnership with the home center or manufacturer can help the remodeler do a better job, help with sales training, and ways to build a more professionally run business."

Owens-Corning Fiberglas is one of a number of manufacturers now involved in helping the remodeler and home center build this partnership. It has developed a series of video tapes for remodeling seminars designed to help the remodeler better run his business.

Caution advised

Home center chains and independent lumberyards and distributors are using the seminar to invite remodelers into their facilities and develop partnerships.

In selecting remodelers that have potential to grow, Stoeppelwerth advises asking a series of basic questions: What is your market niche? Do you use professional selling skills? Do you pay your men well? Do you have teams with lead men, *e.g.* a lead carpenter? Are you on or thinking of adding a computer? Do you set up production and organize it?

"The market demands better than it's getting," said Stoeppelwerth. "Remodelers don't have the time to do it all; they need a partnership and networking."

Affordability tops housing agenda

By an NHCN staff editor

WASHINGTON — Affordability and homelessness are two major issues on the housing agenda for 1989.

President George Bush has already set aside an additional $50 million in federal funding for a homeless housing program, and the National Association of Home Builders (NAHB) is making affordability part of its legislative lobbying effort with the 101st Congress.

The NAHB will support a number of financing proposals to encourage first-time buyers. These include innovative ways to provide down payments and reduce interest rates.

It is concerned that the mortgage revenue bond program will expire at the end of 1989 unless Congress grants an extension. This helps first-time buyers with moderate incomes qualify for low interest loans through a bond program administered by local governments.

High on the list of priorities is its attempt to index the ceilings on Federal Housing Administration (FHA) mortgages to 95 percent of an area's median house price. It also wants to reduce FHA down payment requirements and expand the FHA and Veterans Administration (VA) mortgage programs.

In addition, the FHA has several proposals to lower down payments and raise mortgage limits in high cost areas.

Senators Alan Cranston (D-Calif.) and Alfonse D'Amato (R-N.Y.) plan to introduce "The National Affordable Housing Act" in 1989, which addresses affordability problems in both the single- and multi-family arenas.

This Act will allow first-time home buyers to use tax free savings from IRAs, 401K and other retirement plans for down payments, thus removing a major obstacle.

It also extends housing tax credits to individual investors financing multi-family units targeted at the low income renter.

Rep. Henry Gonzalez (D-Texas), chairman of the House Banking Committee has also introduced the "National Affordability Fund Act." This bill proposes setting up a federally funded housing trust to subsidize interest rates for first-time home buyers. This would bring the fixed rate down to 6 percent, but it would cost more than $2 billion a year, according to Floyd Williams, vice president and legislative counsel at the NAHB.

The NAHB continues to support the McKinney Homeless Assistance Act and called for full funding of the Act, which includes tax credits to attract private money to builders who construct shelters and multi-family dwellings for single rental occupants.

Part of the the President's $50 million additional housing fund will be used to fund the McKinney Act. In addition, it will fund the "Enterprise Zone" concept being advanced by Secretary of Housing and Urban Development Jack Kemp. This offers tax incentives to private businesses in distressed areas to build affordable housing in areas where it is hard to hire employees.

The NAHB is also concerned that Congress may cut back on the mortgage interest deduction, but it sees this as a "looming threat" rather than an immediate one.

Business Watch

stocks

Wolohan Lumber's 1988 sales jump a record 13 percent

By an NHCN staff editor

SAGINAW, Mich. — Strong fourth quarter sales combined with a reduction in the corporate income tax rate were credited for a record 13 percent increase in 1988 sales for Wolohan Lumber Co.

Wolohan reported net income of $11.2 million on sales of $257.8 million for 1988, up from net income of $9.01 million on sales of $228.6 million in 1987. Net income per share rose to $1.92 in 1988 from $1.53 for the same period a year before.

Increase in contractor sales

Fourth quarter sales rose 13 percent to $64.3 million from $56.8 million in 1987. James Wolohan, president and ceo, said the boost in fourth quarter sales came from an 11 percent increase in contractor sales and a 2 percent hike in DIY segment sales. Comp store sales for the 45-unit chain increased 6 percent in the fourth quarter, according to Wolohan.

Quarterly net income rose to $2.86 million from $2.7 million. Wolohan credited the fourth quarter earnings rise in part to a decrease in corporate income taxes.

In a prepared statement, Wolohan said the company expected to boost 1989 capital spending by 18 percent to $12.9 million. Robert Anderson, executive vp and cfo of Wolohan, expected the chain would acquire or open four to five additional stores this year.

In a separate announcement, Wolohan chairman David Wallace named F. R. Lehman as the newest member of the Wolohan board of directors. Lehman is vice president of Dow Chemical U.S.A. and general manager of Dow's Michigan division.

Industry stock prices sag

The two weeks ended Feb. 24 were mostly bad news for publicly traded home improvement companies. Thirty-four saw their stock price decline during this period, and only 13 gained. Three companies had no change.

Wolohan Lumber released its sales and earnings for 1988 just prior to this period, and despite a strong performance in each, its stock fell 18.7 percent to $21.75 per share *(see other story)*.

Only three dealers' stocks showed increases. Interco, which reportedly has put its Central Hardware chain on the block, saw its stock price rise 3.7 percent to $3.50, as its stock was heavily traded. Scotty's stock rose 3.1 percent. And Sears, which provided details to the restructuring of its retail operations (*see page 174*) saw more than 63 million of its shares change hands over the two-week spread.

Among suppliers there were wide swings of performance and activity. A group comprised of real estate concern Fisher Bros., oil tycoon Gordon Getty and First Boston Co. made a $2.4 billion bid for Emhart on Feb. 23, prior to which Emhart's stock was extremely busy, and its stock price jumped 49.1 percent to $39.88 per share. On the other side of the coin, Clairson International, which had previously announced its intentions to sell off parts of its business, saw its stock price fall 34.6 percent to $4.50 per share.

Gainers 13

Unchanged 3

Losers 34

HOME CENTER MARKET SUMMARY

National Home Center News

Stock Market — Price: 2-Weeks Ended 2-24-89; 2-Weeks Change Amt., Pct.; 2-Week Range High, Low; 52-Week Range High, Low. Volume: 2-Weeks Shares Traded Total, % Out; 12-Week Avg. Vol. As % Out; Volume Trend Change. P/E Ratio. Indicated Divd. Rate Amt., Yld.

Financial Update — Latest Report: New Report, Period, Date Ended. Latest Quarter: Revenue Amt., Chg.; Net Income Amt., Chg.; E.P.S. Amt., Chg. Year-to-Date: Revenue Amt., Chg.; Net Income Amt., Chg.; E.P.S. Amt., Chg.

Company and Market	2-Weeks Ended 2-24-89	2-Weeks Change Amt.	2-Weeks Change Pct.	2-Week Range High	2-Week Range Low	52-Week Range High	52-Week Range Low	2-Weeks Shares Traded Total (100)	2-Weeks Shares Traded % Out	12-Week Avg. Vol. As % Out	Volume Trend Change	P/E Ratio	Indicated Divd. Rate Amt.	Indicated Divd. Rate Yld.	Latest Report New Report	Latest Report Period	Latest Report Date Ended	Latest Quarter Revenue Amt. $Mil	Latest Quarter Revenue Chg. %	Latest Quarter Net Income Amt. $Mil	Latest Quarter Net Income Chg. %	Latest Quarter E.P.S. Amt. $	Latest Quarter E.P.S. Chg. %	Year-to-Date Revenue Amt. $Mil	Year-to-Date Revenue Chg. %	Year-to-Date Net Income Amt. $Mil	Year-to-Date Net Income Chg. %	Year-to-Date E.P.S. Amt. $	Year-to-Date E.P.S. Chg. %
Retailers																													
Gen Bldg Prods M	4.00	- 1.00	- 20.0	5.00	4.00	6.50	3.00	464	1.16	.70	65.7	23.5	.00	.0	.....	9 mos.	08-88	21.9	11.2	.1	- 87.5	.02	- 89.5	56.5	14.1	.3	- 83.3	.07	- 85.4
Grossman's Inc M	8.13	- .38	- 4.4	8.50	8.13	8.50	4.88	24,293	9.30	3.68	152.7	16.3	.00	.0	.....	fiscal	12-88	285.8	10.9	.6	- 25.0	.02	NC	1141.6	6.0	13.2	9.1	.50	- 5.7
Hechinger A M	18.75	.13	.7	19.13	18.38	20.25	15.88	4,448	2.17	1.75	24.0	NA	.16	.9	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	18.50	- .13	- .7	19.25	18.25	20.00	15.75	77	.05	.12	- 58.3	14.9	.06	.3	.....	9 mos.	10-88	250.6	35.5	12.1	28.7	.32	18.5	773.5	39.7	36.0	23.3	.96	7.9
Home Depot N	33.00	.88	2.7	34.13	31.50	34.13	22.00	15,303	3.07	1.46	110.3	22.8	.12	.4	.....	9 mos.	10-88	509.9	40.0	17.1	76.3	.33	73.7	1474.7	36.6	57.9	52.0	1.13	39.5
Interco N	3.50	.13	3.7	3.88	3.25	3.88	2.88	58,767	16.24	NC	NC	NA	.00	.0	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
K mart Cp N	37.25	- .13	- .3	38.00	36.75	39.75	30.25	47,780	2.40	1.27	89.0	10.3	1.32	3.5	.....	9 mos.	10-88	6358.2	6.4	126.1	14.5	.63	16.7	18884.1	5.7	409.7	10.4	2.04	12.1
Lowe's Cos N	23.63	.38	1.6	24.50	23.00	24.50	18.75	5,452	1.47	.72	104.2	13.7	.48	2.0	.....	9 mos.	10-88	652.1	1.0	15.9	- 4.2	.42	.0	1947.3	.4	57.4	9.8	1.51	14.4
NHD Stores M	6.75	.00	.0	7.00	6.63	8.00	4.50	92	.68	.66	3.0	9.0	.00	.0	.....	9 mos.	10-88	12.3	15.0	.1	NE	.04	NE	37.3	12.7	.6	50.0	.43	38.7
Natl Lumber M	2.00	- .13	- 5.9	2.25	2.00	3.50	2.00	196	.35	.48	- 27.1	NE	.00	.0	.....	*	10-88	NC	NC	NC	NC	NC	NC	116.8	NC	- 2.6	NC	- .47	NC
Scotty's Inc N	12.63	.38	3.1	13.63	12.63	15.25	10.50	2,077	1.42	.71	100.0	43.5	.52	4.1	.....	6 mos.	12-88	141.0	5.6	2.5	.0	.16	- 5.9	269.0	4.6	- 2.0	- 100.0	- .14	- 100.0
Sears, Roebuck N	40.88	- .38	- .9	42.38	40.75	46.25	33.00	63,770	1.68	.90	86.7	17.0	2.00	4.9	NEW	fiscal	12-88	11761.0	- 16.3	16.4	- 97.1	- .46	- 100.0	50251.0	3.7	909.5	- 44.9	2.40	- 44.8
Std Brd Pnt N	14.25	- 1.13	- 7.3	15.75	14.13	18.50	10.63	3,321	5.81	3.93	47.8	NE	.00	.0	.....	9 mos.	10-88	80.5	2.2	1.3	- 69.8	.17	- 67.3	236.1	- .2	3.9	- 69.5	.50	- 67.7
Strober Organiz M	8.50	- .50	- 5.6	9.00	8.25	12.25	7.00	607	1.00	.37	170.3	11.6	.00	.0	.....	9 mos.	09-88	38.9	40.9	1.6	- 5.9	.26	- 3.7	105.4	40.2	3.4	- 20.9	.56	- 20.0
Wickes Cos N	7.63	- .13	- 1.6	7.88	7.63	14.13	6.50	2,027	.42	.57	- 26.3	5.2	.00	.0	.....	6 mos.	07-88	937.9	- 35.5	- 12.4	- 100.0	- .09	- 100.0	1866.0	37.7	- 15.0	- 100.0	.08	- 94.2
Wolohan Lumber M	21.75	- 5.00	- 18.7	26.75	21.75	27.00	12.38	4,158	7.11	3.02	135.4	11.3	.28	1.3	NEW	fiscal	12-88	64.3	13.2	2.8	3.7	.49	6.5	257.8	12.8	11.2	24.4	1.92	25.5
Zayre Corp N	24.38	- .88	- 3.5	25.88	24.25	27.13	18.63	14,728	2.62	2.37	10.5	NE	.40	1.6	.....	9 mos.	10-88	936.3	- 41.5	- 160.7	- 100.0	(2.87)	- 100.0	2530.5	- 41.2	- 178.2	- 100.0	(3.18)	- 100.0
Wholesalers																													
Hughes Supply N	17.88	- .38	- 2.1	18.50	17.75	19.44	16.50	454	.93	.42	121.4	9.0	.32	1.8	.....	9 mos.	10-88	131.7	16.3	2.5	.0	.51	4.1	376.3	18.3	7.1	6.0	1.46	9.8
Moore Handley M	3.75	- .13	- 3.2	4.00	3.75	5.00	3.75	204	.87	.24	262.5	NE	.20	5.3	.....	9 mos.	09-88	26.1	- 4.7	- .1	NE	- .06	NE	79.5	6.9	- .1	- 100.0	- .04	- 100.0
Manufacturers																													
Am Consum Prods M	9.75	- .50	- 4.9	10.25	9.75	12.50	9.41	48	.18	.15	20.0	14.6	.00	.0	.....	9 mos.	09-88	20.4	74.4	.5	- 16.7	.18	- 21.7	56.5	79.9	1.4	7.7	.53	6.0
Am Woodmark M	11.50	1.63	16.5	11.50	10.00	11.50	7.28	283	.38	.19	100.0	15.1	.00a	.0	.....	6 mos.	10-88	42.5	23.9	2.7	12.5	.36	- 2.7	79.4	20.1	4.5	21.6	.60	11.1
Armstrng Wrld N	38.25	2.13	5.9	39.75	35.88	44.00	31.75	23,799	5.15	1.72	199.4	10.9	1.00	2.6	.....	fiscal	12-88	706.9	16.8	34.6	3.3	.74	2.8	2680.3	13.3	162.7	8.2	3.51	10.4
Black & Decker N	23.13	- 1.13	- 4.6	25.13	22.75	25.25	17.13	23,955	4.10	2.16	89.8	13.1	.40	1.7	.....	3 mos.	12-88	705.5	15.2	38.4	23.5	.65	22.6	705.5	15.2	38.4	23.5	.65	22.6
Boise Cascade N	41.75	.63	1.5	43.13	41.13	50.00	39.25	11,747	2.61	1.71	52.6	6.6	1.40	3.4	NEW	fiscal	12-88	1034.8	6.1	76.4	33.6	1.70	41.7	4094.6	7.2	289.1	58.0	6.34	71.4
Catalina Lgtg A	12.00	- 1.25	- 9.4	13.38	11.75	13.88	3.00	1,752	5.56	3.07	81.1	26.1	.00	.0	NEW	3 mos.	12-88	9.0	83.7	.4	100.0	.12	71.4	9.0	83.7	.4	100.0	.12	71.4
Champ Intl N	33.50	- .25	- .7	34.63	33.25	38.13	29.50	20,152	2.12	1.56	35.9	7.0	1.10	3.3	.....	fiscal	12-88	1314.4	13.6	119.8	45.9	1.26	46.5	5128.5	11.1	456.4	19.5	4.80	19.1
Clairson Intl M	4.50	- 2.38	- 34.5	6.75	4.13	8.50	4.13	3,933	7.73	1.84	320.1	NE	.00	.0	.....	9 mos.	06-88	27.2	46.2	- 2.1	- 100.0	- .43	- 100.0	78.4	45.7	- 4.3	- 100.0	- .85	- 100.0
Coleman Co N	68.63	21.63	46.0	71.00	47.25	71.00	34.63	36,347	51.59	5.68	808.3	19.8	1.20	1.7	NEW	fiscal	12-88	141.0	6.1	1.8	- 5.3	.24	- 11.1	657.9	9.9	24.5	27.6	3.47	27.6
Cooper Indus N	55.00	- 3.25	- 5.6	58.38	54.88	62.75	50.13	10,491	2.06	1.12	83.9	12.5	2.00	3.6	.....	fiscal	12-88	1193.3	18.3	74.7	32.4	1.47	31.3	4258.3	18.8	224.4	29.1	4.41	27.1
DeSoto Inc N	48.25	.38	.8	49.25	45.00	50.00	28.25	5,933	14.79	5.93	149.4	61.1	1.40	2.9	.....	fiscal	12-88	86.0	31.0	- .1	NE	- .03	NE	402.5	7.9	3.2	- 69.8	.79	- 70.3
Emhart Corp N	39.88	13.13	49.1	40.25	26.75	40.25	18.88	132,060	21.31	3.18	570.1	19.7	.88	2.2	.....	fiscal	12-88	722.7	8.7	32.9	24.6	.52	23.8	2762.0	12.5	126.0	18.3	2.02	18.8
Georgia Pacific N	40.13	.13	.3	41.38	39.25	42.88	33.25	17,025	1.78	1.22	45.9	8.4	1.40	3.5	.....	fiscal	12-88	2567.0	15.2	129.0	15.2	1.35	26.2	9509.0	10.5	467.0	2.0	4.76	12.5
La Pacific N	30.88	- .88	- 2.8	32.25	30.75	37.50	26.00	6,248	1.62	1.05	54.3	7.7	.92	3.0	.....	fiscal	12-88	448.3	- 6.2	31.2	- .3	.83	1.2	1799.4	- 6.4	153.6	22.9	4.02	22.9
Macmillan Bloedel M	15.50	- 1.00	- 6.1	16.38	15.38	17.38	13.88	6,850	.67	.27	148.1	NA	.80	NA	NEW	fiscal	12-88	801.1	1.2	73.2	16.4	.68	19.3	3273.5	4.4	329.8	17.5	3.08	20.3
Masco Corp N	25.63	- .75	- 2.8	27.25	25.50	30.38	23.63	24,194	1.76	1.14	54.4	12.2	.48	1.9	NEW	fiscal	12-88	609.6	12.2	49.3	60.1	.36	56.5	2438.6	20.5	288.3	31.8	2.10	27.3
Mor-Flo Inds M	5.38	.00	.0	5.75	5.38	6.50	4.50	48	.19	.29	- 34.5	NE	.01	.2	.....	9 mos.	09-88	52.5	6.9	- 1.9	NE	- .73	NE	162.0	4.9	- 5.8	NE	(2.29)	NE
Newell Co N	29.75	- .38	- 1.2	30.38	28.88	30.75	17.88	4,019	1.73	1.50	15.3	13.6	.76b	2.6	.....	fiscal	12-88	253.7	- 16.8	21.2	58.2	.78	62.5	988.2	37.3	61.4	65.1	2.18	58.0
Nortek Inc N	8.75	.38	4.5	9.13	8.25	10.38	6.38	3,930	2.63	1.58	66.5	NE	.10	1.1	.....	9 mos.	09-88	343.0	- 2.7	4.8	2300.0	.32	3100.0	1049.0	7.5	16.3	43.0	1.10	54.9
Owens Corn N	28.00	- .38	- 1.3	29.88	27.38	29.88	18.00	11,302	2.83	1.81	56.4	5.9	.00	.0	.....	fiscal	12-88	704.0	NC	58.0	NC	1.37	NC	2831.0	- 2.1	197.0	- 10.5	4.71	- 11.1
Ply-Gem A	12.50	- 1.13	- 8.3	13.50	12.50	15.63	11.38	2,610	2.42	.90	168.9	12.9	.12	1.0	.....	9 mos.	09-88	102.5	22.0	4.1	20.6	.36	20.0	298.0	25.9	13.8	31.4	1.22	34.1
Pope & Talbot N	19.38	- .63	- 3.1	20.38	19.38	23.00	16.13	1,696	1.42	.88	61.4	7.2	.60	3.1	.....	fiscal	12-88	154.0	44.2	8.6	19.4	.73	23.7	515.0	20.6	31.9	13.5	2.68	15.0
Pottatch Cp N	32.63	- 1.75	- 5.1	34.63	32.63	35.38	27.25	2,519	.94	.51	84.3	8.1	1.04	3.2	.....	fiscal	12-88	285.4	12.9	33.1	32.9	1.19	33.7	1084.1	9.3	112.4	28.3	4.04	29.1
PPG Inds N	42.50	- 1.00	- 2.3	43.50	42.38	46.88	36.25	12,628	1.15	.74	55.4	10.0	1.36	3.2	.....	fiscal	12-88	1431.7	7.8	102.3	6.0	.94	10.6	5616.7	8.4	467.6	24.0	4.26	33.5
Rep Gypsum N	5.00	.00	.0	5.13	4.63	6.88	4.25	275	.27	.33	- 18.2	23.8	.20	4.0	.....	6 mos.	12-88	13.3	- 8.3	.9	12.5	.09	12.5	25.6	- 6.6	1.3	8.3	.13	8.3
Sherwin-Wms N	26.13	- .13	- .5	27.25	26.00	31.63	24.00	7,504	1.72	1.02	68.6	11.4	.70	2.7	.....	fiscal	12-88	449.5	10.1	18.6	- 8.4	.43	- 6.5	1950.5	8.8	101.0	4.6	2.30	7.0
Stanley Works N	28.88	- 1.75	- 5.7	30.63	28.75	31.75	24.00	8,999	2.10	.92	128.3	12.0	.96	3.3	.....	fiscal	12-88	486.2	6.0	30.4	16.0	.71	16.4	1909.0	8.3	103.5	19.5	2.40	20.0
Thos Inds N	19.00	- 1.00	- 5.0	20.13	19.00	23.31	18.25	1,058	1.04	.51	103.9	11.7	.72b	3.8	NEW	fiscal	12-88	85.6	6.3	3.9	- 18.8	.37	- 17.8	347.6	8.0	17.7	3.5	1.62	3.8
Union Camp N	35.75	- .25	- .7	36.88	35.75	38.38	31.00	11,276	1.64	1.14	43.9	8.4	1.24	3.5	.....	fiscal	12-88	685.6	12.4	78.5	33.1	1.14	40.7	2660.9	15.3	295.2	42.3	4.25	50.2
USG N	6.13	- .75	- 10.9	7.00	6.00	7.75	4.75	9,102	1.75	1.69	3.6	2.6	.00	.0	.....	fiscal	12-88	540.0	- 25.6	42.6	147.7	.79	139.4	2248.0	- 22.4	125.5	- 38.6	2.38	- 39.9
Waxman Ind M	8.00	- .75	- 8.6	8.63	7.75	12.25	7.09	6,681	7.24	1.78	306.7	10.4	.10	1.3	.....	6 mos.	12-88	48.0	26.0	1.7	13.3	.18	12.5	98.0	34.4	3.3	17.9	.36	20.0
Weyerhaeuser N	25.50	- 1.00	- 3.8	27.13	25.25	29.50	23.25	33,057	1.62	1.18	37.3	9.5	1.20	4.7	.....	fiscal	12-88	2560.0	43.5	154.8	19.6	.73	19.7	8470.1	21.2	564.4	26.4	2.68	26.4

All Data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

Last 52 Weeks

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

P/E Ratio—Price/earnings ratio
E.P.S.—Earnings per share

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

*Two-week average volume equals the number of shares traded divided by the number of shares outstanding during the latest two-week period. Twelve-week average volume equals the number of shares traded divided by the number of shares outstanding over the previous 12 weeks.

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

In reorganization, Scotty's expands L&G department

(Continued from page 1)
near completion. However, the formation of the company, what it plans to sell and what markets it wants to serve are still in the planning stages, according to Martineau.

"Right now, we're five partners with a lot of ideas," said Martineau in a phone interview with *NHCN*. "We'll have a better handle on what the company's going to look like in 60 to 90 days. Until then, we're taking a pretty low profile."

The 37-year-old Martineau, who had been promoted to his most recent positions at Scotty's only last November, left the company unceremoniously last month. He declined to comment on the reasons behind his sudden departure. Scotty's officials could not be reached for comment about Martineau's replacement.

L&G departments expand

While the executive musical chairs continue at the 163-unit chain, Scotty's operational restructuring proceeds. The company is now carrying live plants on a regular basis for the first time in what appears to be a major expansion of the chain's lawn and garden departments.

A store in Cocoa, Fla., a former Montgomery Ward that had its grand opening Feb. 2, is believed to be particularly strong in that area and to reflect some of Scotty's new merchandising thinking. Corporate officials were unavailable for comment.

Workers were expanding the outside sales area of at least one Scotty's store in Orlando, Fla., in mid-winter. Also, store managers statewide reported at the end of January that their lawn and garden departments had already been revamped or plans were underway to do so.

All sources said it appears to be a chainwide expansion.

Executives were not available to comment on the changes, but store-level personnel left no doubt such an effort is underway. One store manager said, "Scotty's is going whole-hog into the live plant market. There's no real secret what they're trying to do." He went on to say a 12x47-foot area had been added to the lawn and garden department outside his store.

One Orlando-area store reported its outdoor lawn and garden area doubled in size at the end of January and beginning of February. The store also reported that more new products, such as a wider variety of fertilizers, will soon be added to the store's offerings.

The chain did carry these products during holidays such as Mother's Day, but this will mark the first time they will be offered year-round.

Larger Scotty's stores will carry indoor and outdoor live plants and silk plants, while the smaller units will only stock landscaping plants.

Rebuilt UBC unit increases display space

(Continued from page 6)
"We had merchandise—like unfinished furniture—for five years, but people couldn't see it. We had to take people out in the yard and open a box to show them. That takes manpower." Now a side wall display on the showroom floor highlights UBC's once hidden shingle and siding offerings. Unfinished furniture is now in a center aisle.

An old 12-foot run of products, which served since 1977 as kitchen and bath models, was replaced by designer-look, higher-ticket vignettes.

Abbott, a 24-year veteran with UBC, said the changeover produced as many kitchen and bath sales in the first 25 days of 1989 as were generated in all of 1988.

Now two new hires are necessary to handle the new consumer demand. In May, to coincide with the grand opening, the Boone store will open on Sunday for the first time.

"We're going to be open when people want to shop. We're here when they want to be here," said Abbott. He would like to reverse the current 60/40 contractor to DIY sales ratio.

Abbott's effort is part of an overall remodeling program that has been enacted by UBC in 25 percent of its units, according to Robert Drum, president of the 102-unit, Winona, Minn., chain.

The moves come as UBC units like Abbott's encounter more competition. In Boone, small, regional chains like S. Hanson Lumber and Schoenemann Building Materials are taking on new merchandising programs to attract the DIY market. Still, sales tax reports show the UBC unit holding onto a strong 25 percent of the building materials sales in the county.

While the Boone UBC is some 45 miles from the heavily DIY, price-sensitive Menards' in Des Moines, that's where Abbott feels the competition is coming from. And as Des Moines retailers are going after the home building business, Abbott fights back.

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Vol. 15, No. 5 March 13, 1989

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